

# Fiscal Note

State of Alaska  
2022 Legislative Session

Bill Version:	SCS HB 114(FIN)
Fiscal Note Number:	5
(S) Publish Date:	5/15/2022

Identifier: HB114SCS(FIN)-EED-ACPE-5-14-22  
Title: EDUCATION & SUPPLEMENTAL LOAN PROGRAMS  
Sponsor: RLS BY REQUEST OF THE GOVERNOR  
Requester: Senate Finance

Department: Department of Education and Early Development  
Appropriation: Alaska Commission on Postsecondary Education  
Allocation: Program Administration & Operations  
OMB Component Number: 2738

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2023 Appropriation Requested	Included in Governor's FY2023 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2023	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Personal Services	2.0						
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits	1,017.5						
Miscellaneous							
<b>Total Operating</b>	<b>1,019.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

1004 Gen Fund (UGF)	1,019.5						
<b>Total</b>	<b>1,019.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

## Change in Revenues

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2022) cost:** 0.0 (separate supplemental appropriation required)

**Estimated CAPITAL (FY2023) cost:** 0.0 (separate capital appropriation required)

**Does the bill create or modify a new fund or account?** No  
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version/comments:

This version incorporates an amendment to change the definition of rural for the Alaska Teacher Education Loan Program (TEL) to include Kodiak and Bethel as communities eligible for TEL forgiveness.

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Agency: Department of Education & Early Development

Phone: (907)465-6740  
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Date: 05/14/22

REPORTED OUT OF  
SFC 05/15/2022

## FISCAL NOTE ANALYSIS

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## Analysis

This bill provides the Alaska Commission on Postsecondary Education (Commission) with a number of authorities that will allow the Commission to better meet Alaskans' student loan needs, and thus is expected to increase the origination of loans funded by the Alaska Student Loan Corporation (Corporation).

The new authorities are:

- Amend AS 14.43.122(b) by expanding the population eligible to apply for Alaska Refinancing Loans to include previous Alaska borrowers and graduates from Alaska high schools and postsecondary institutions, as well as current Alaska residents.
- Amend AS 14.43.173(a) by eliminating the loan maximums in statute and providing for the Corporation to set the annual loan maximums, in order to be more responsive to the needs of Alaska students and higher education institutions, especially when tuition costs change.
- Amend AS 14.43.173(b) by eliminating lifetime loan maximums in statute and providing for the Corporation to set lifetime loan maximums, in order to be more responsive to the needs of Alaska students and higher education institutions, especially when tuition costs and annual loan limits change.
- Amend AS 14.43.173(d) by making conforming changes to allow the Corporation to set loan limits for both half-time and full-time loans.
- Amend AS 14.43.175 by providing for the Commission to offer future student loan borrowers a loan program with immediate repayment requirements. Such a loan would reduce costs for student borrowers because interest would not be deferred and capitalized. Such a loan would be an option new student borrowers could choose to apply for to lower costs and would not impact current borrowers.

These changes are not anticipated to increase agency operating costs. There is no fiscal impact to the Commission as a result of these changes.

The bill would also change the definition of rural for the Alaska Teacher Education Loan Program (TEL) administered by the Commission. Under this bill, Kodiak and Bethel would become communities eligible for TEL forgiveness.

Using current address information of TEL borrowers in the Commission's loan servicing system, 20 borrowers were identified living in Bethel or Kodiak could become eligible for forgiveness if they fulfill the service obligation and meet other eligibility requirements of the program.

The number of eligible teachers could be higher if teachers in Bethel and Kodiak have a permanent address on file with the Commission that reflects a different address. The Commission is unable to determine if that is the case and how many additional eligible teachers there may be in that scenario without reaching out to borrowers.

Assumptions for fiscal analysis:

- \$50,874 per TEL borrower (based on average forgiveness benefit)
- Estimate no more than 20 TEL borrowers would become eligible under the new rural definition

**Grants, Benefits Total \$1,017,480 (\$50,874 x 20 borrowers)**

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**Analysis**

Staff time to implement changes including communication with TEL borrowers, procedural updates, application processing, etc.

- Estimate 40 hours of staff time (2 hours processing time per TEL application x 20 borrowers)
- Assume a Range 14 staff is performing the work at \$50 per hour

**Personal Services Total \$2,000**

Additional personal services funding will support an existing position budgeted with Alaska Student Loan Corporation (ASLC) Receipts. Since this is not an allowable expenditure of ASLC Receipts, unrestricted general funds are needed to cover the time spent working on the TEL Program.